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AIR

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24 September 1961

Chief of Station, Karlsruhe

Chief, Foreign Division

Operational

USAGM

REF : HGE-M-2287

1. No doubt you are in the process of applying to USAGM the pressures outlined in reference memo. The decision made that USAGM, since he is run by the POB staff and is not part of ZIPPER, and must be treated in the same way as any agent, will provide us an excellent chance to see where we stand with him. This will mean that you must familiarize yourself with the CSO regulations on operational procedures. Field Regulation No. 50-3 is the particular one concerned. We believe that POB has a copy of these regulations. If not, you can either borrow a copy of it from Karlsruhe or study it there.

2. This formalization of USAGM operations in accord with ZACARIAS wishes will force us to reexamine his entire complex. At first glance this may seem like a lot of work, but we believe that much of his effort can be written off and will not be written up. The Hungarian operations, for instance, will hardly survive this kind of scrutiny unless there are positive assets which have not been reported to us. These Hungarian operations are the subject of a separate memo to you. Operation SINGER, also the subject of another memo, is apparently dead. We assume too that the GAVRILOV case (PULL-2520) has come to nothing since we have received nothing following the original cable.

3. Reference memo actually initiated a completely new phase in the USAGM picture, and a healthy one. Since USAGM operations have been financed as they have, we have little choice to do other than finance those which we believe will survive submission according to ZACARIAS rules at the present level until decisions are made.

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4. The Czech desk is studying the new CSR proposals. They were able to tell us at a glance that it resembles Project WAGO, formerly run by GIC, Salzburg. We will give you the results of the Czech desk analysis as soon as we have it. There does seem to be considerable interest in the reports which have come from this proposal (with the shells) and we will also forward the evaluation on this as soon as we can.

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